

Message Text

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ACTION AID-59

INFO OCT-01 ADP-00 SSO-00 NSCE-00 INRE-00 CIAE-00 EA-04

EB-05 IGA-02 INR-09 L-03 EUR-06 SS-07 (ADP) W

----- 029450

O R 121242 Z MAR 73

FM AMEMBASSY VIENTIANE

TO SECSTATE WASHDC IMMEDIATE 2986

INFO AMEMBASSY LONDON

AMEMBASSY TOKYO

AMEMBASSY CANBERRA

AMEMBASSY PARIS

C O N F I D E N T I A L VIENTIANE 1802

AIDAC

TO NOOTER FROM MANN

E. O. 11652: GDS

SUBJECT: FEOF AGREEMENTS

REFERENCES: A. VIENTIANE 1770

B. VIENTIANE 8474

C. VIENTIANE 0090

D. STATE 044848

E. VIENTIANE 1599

1. MOST APPRECIATIVE TIMELY REPLY TO REF A.
2. AT TODAY' S MARCH 12 DAB MEETING, WE ALL AGREED WE AGAIN WOULD SEEK GOVERNMENT APPROVALS AS SOON AS POSSIBLE TO PERMIT SIGNATURE FEOF AGREEMENTS NO LATER THAN MARCH 19.
3. ALL REPS AGREED THIS HROCEDURE AND FOLLOWING OUTSTANDING QUESTIONS REMAIN:
 - A. FRENCH REP ORDONNAUD STATED HE HAD AUTHORITY TO SIGN NOW ON BASIS OF LAST YEAR' S TEXT, I. E. WITHOUT PARA 13. E. OF MEMORANDUM OF UNDERSTANDING. AMOUNT OF FRENCH CONTRIBUTION EXPRESSED IN CONFIDENTIAL

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DOLLARS WOULD BE \$1.9 MILLION TO REFLECT UNCHANGED AMOUNT OF CONTRIBUTION IN FF. HE HAS HAD NO REPLY AS YET TO REQUEST BY PRIME MINISTER FOR LARGER CONTRIBUTION AND DESIRES OTHER DONORS TO KEEP PARA 13. E. AND WOULD QUERY PARIS AGAIN BUT EXPRESSED MOST SERIOUS DOUBTS GOF WOULD CONCUR. HE ALSO POINTED OUT NEW GOVERNMENT MIGHT WELL BE FORMED POST ELECTION AND UNLIKELY THAT ANY PORAB
IO
RXIPMBYCSKN
7225 BORCK# OR NEXT FEW WEEKS.

B. UK REP STATED HE EXPECTED CONFIRMATION OF LONDON THAT WORDING OF PARA V. B. OF CONFIDENTIAL LETTER WAS ACCEPTABLE (REF E PARA 4).

C. JAPANESE REP YAMASHITA STATED THAT HIS GOVERNMENT WOULD NOT BE ABLE TO SIGN BEFORE LOWER HOUSE HAD APPROVED BUDGET BUT MIGHT BE ABLE TO DO SO BEFORE UPPER HOUSE APPROVAL. CONSIDERED GOJ ACTION BY MARCH 19 NEXT TO IMPOSSIBLE AND THOUGHT GOJ READY TO SIGN FIRST HALF APRIL. ONLY SUBSTANTIVE ISSUE OUTSTANDING WAS FORMULATION OF PARA V. B. (REF E PARA 4) WHICH HE HAD SUBMITTED TO TOKYO. HE IS REQUESTING CONFIRMATION WORDING WAS NOW ACCEPTABLE.

D. AUSTRALIAN REP FISHER AGAIN STATED THAT HIS GOVERNMENT HAD NO PROBLEMS WITH THE TEXTS AS THEY STOOD AND ONLY DETERMINATION OF AMOUNT OF CONTRIBUTION WAS DELAYING AUTHORITY TO SIGN. HE WOULD AGAIN QUERY CANBERRA WHETHER THIS QUESTION COULD BE RESOLVED IN TIME FOR AUSTRALIA TO SIGN BY MARCH 19.

4. AS CHAIRMAN, I THEN ASKED IMF RESREP BAER WHETHER TEXTS OF AGREEMENTS AS NOW DRAFTED CAUSED ANY PROBLEMS TO IMF AND DREW HIS ATTENTION SPECIFICALLY TO PARA VIII. B.2 OF CONFIDENTIAL LETTER. BAER STATED THAT SINCE THESE WERE BILATERAL AGREEMENTS BETWEEN DONORS AND RLG, IMF DID NOT USUALLY INVOLVED ITSELF IN SPECIFIC QUESTIONS OF LANGUAGE. HE HAD, HOWEVER, SUBMITTED TEXT OF PARA VIII. B.2 TO WASHINGTON AND STATED THAT AFTER CONSULTING WITH WASHINGTON HE HAD NO REPEAT NO PROBLEMS WITH THIS PARAGRAPH AS IT IS NOW WRITTEN.

5. GIVEN BAER' S STATEMENT, I DID NOT REPEAT NOT SEE ANY

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(#)

CEILINGS SHOULD BE

INCLUDED SINCE IF IMF RESREP HAD NO PREOCCUPATIONS OUR INSISTENCE ON THEIR INCLUSION WOULD HAVE, TO MY MIND, BECOME MOST DIFFICULT FOR OTHER DONOR COUNTRIES TO UNDERSTAND. MOREOVER, IN VIEW OF BAER' S STATEMENT, I AM CONVINCED THAT PARAGRAPH VIII. B. 2 . AS NOW WRITTEN WOULD NOT REPEAT NOT UNDERMINE FURTHER IMF EFFORTS HERE.

6. I AM IN FULL AGREEMENT AND IN SUPPORT OF AN ORDERLY AND DELIBERATE SHIFTING OF COMMODITIES FROM 605 TO 840 RATE AS ENVISAGED BY IMF, TAKING ACCOUNT OF THE POLITICAL REALITIES APPARENTLY ACCEPTED BY PALMER AS REPORTED IN PARA 3, REF B, AS WELL AS OBVIOUSLY TAKING INTO ACCOUNT PARA 13 OF REF C. IT IS STILL MY CONSIDERED OPINION THAT IF THERE ARE ANY PRESSURES ON FEOF DUE TO LACK OF CONFIDENCE IN THE PRESENT SYSTEM OR DUE TO LARGE INCREASE IN MONEY SUPPLY, PRESSURE WOULD BE FIRST FELT IN CONSIDERABLY INCREASED DEMAND AT 840 RATE, WHICH COULD NOT BE SUPPRESSED BY RLG- EXCHANGE AUTHORIZING COMMISSION ADMINISTRATIVE MEASURES.

8. DAB MEETS AGAIN 1100 HRS MARCH 13. SHOULD YOU STILL DESIRE FOR ME TO RAISE INCLUSION OF NIB CEILINGS IN PARA VIII. B.2. OF CONFIDENTIAL LETTER IN LIGHT OF BAER' S STATEMENT TO ALL DONOR COUNTRIES REPRESENTATIVES AT TODAY' S MEETING AND THOUGHT I CONSIDER IT INADVISABLE AT THIS JUNCTURE, I HAVE TO HAVE YOUR INSTRUCTIONS BY OPENING OF BUSINESS MARCH 13.
DEAN

NOTE BY OC/ T: (#) AS RECEIVED. CORRECTION TO FOLLOW.

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*** Current Classification *** CONFIDENTIAL

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